

*Financial Statements and
Supplementary Information*

CENTER FOR CHILD COUNSELING, INC.

September 30, 2019

CENTER FOR CHILD COUNSELING, INC.

**Financial Statements and
Supplementary Information**

September 30, 2019

(With Independent Auditor's Report Thereon)

CENTER FOR CHILD COUNSELING, INC.

Table of Contents

Independent Auditor’s Report.....1

Financial Statements:

 Statement of Financial Position3

 Statement of Activities.....4

 Statement of Functional Expenses5

 Statement of Cash Flows6

Notes to Financial Statements.....7

Supplementary Information:

 Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.....15

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Independent Auditor's Report

To the Board of Directors
Center For Child Counseling, Inc.

We have audited the accompanying financial statements of Center For Child Counseling, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center For Child Counseling, Inc. as of September 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 12, 2019 on our consideration of the Center for Child Counseling, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Center for Child Counseling, Inc.'s internal control over financial reporting and compliance.

Prior Period Adjustment

As discussed in Note 7 to the financial statements, a different interpretation resulting in understatement of amounts previously reported for revenue as of September 30, 2018, were discovered by management of the Company during the current period. Accordingly, amounts reported for deferred revenue and revenue have been restated in the September 30, 2018 financial statements, and an adjustment has been made to net assets as of September 30, 2018, to increase net assets as a result of this interpretation. Our opinion is not modified with respect to that matter.

Schater, Tschoy, Whitcomb, Mitchell & Shulman, LLP

December 12, 2019

CENTER FOR CHILD COUNSELING, INC.

Statement of Financial Position

September 30, 2019

Assets

Cash	\$ 1,437,534
Accounts receivable	252,564
Prepaid expenses	2,444
Deposits and other assets	14,270
Property and equipment (note 4)	44,589
Total assets	<u>\$ 1,751,401</u>

Liabilities and Net Assets

Accounts payable and accrued expenses	<u>\$ 138,999</u>
Total liabilities	<u>138,999</u>
Commitments (note 5)	
Net assets:	
Without donor restrictions	1,369,142
With donor restrictions	<u>243,260</u>
Total net assets	<u>1,612,402</u>
Total liabilities and net assets	<u>\$ 1,751,401</u>

See accompanying notes to the financial statements.

CENTER FOR CHILD COUNSELING, INC.

Statement of Activities

For the year ended September 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Monthly reimbursement contracts	\$ 1,740,127	-	1,740,127
Government funds	334,530	-	334,530
Other grants	465,665	416,506	882,171
Contributions	86,623	-	86,623
In-kind contributions	729,981	-	729,981
Program fees	841,877	-	841,877
Special events less direct benefit to donor cost of \$53,252	41,909	-	41,909
Other income	2,947	-	2,947
Interest and dividend income	20,423	-	20,423
Net assets released from restriction	221,386	(221,386)	-
Total support and revenue	4,485,468	195,120	4,680,588
Expenses and losses:			
Program services	3,769,217	-	3,769,217
Supporting services:			
Management and general	539,177	-	539,177
Fundraising	115,664	-	115,664
Total expenses	4,424,058	-	4,424,058
Change in net assets	61,410	195,120	256,530
Net assets at beginning of period, as restated	1,307,732	48,140	1,355,872
Net assets at end of period	<u>\$ 1,369,142</u>	<u>243,260</u>	<u>1,612,402</u>

See accompanying notes to the financial statements.

CENTER FOR CHILD COUNSELING, INC.

Statement of Functional Expenses

For the year ended September 30, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Payroll and related benefits	\$ 2,795,876	236,536	36,551	3,068,963
Contract labor	18,063	6,202	517	24,782
Program supplies	11,435	114	-	11,549
Rent	118,026	9,068	666	127,760
Utilities and maintenance	44,885	4,580	280	49,745
Telephone and computer	86,047	38,331	626	125,004
Accounting	1,596	8,372	-	9,968
Travel	106,578	16,079	864	123,521
Insurance	20,672	1,553	444	22,669
Office expense	27,037	7,487	8,699	43,223
Continuing education	7,265	408	-	7,673
Donated services and rent	464,294	204,135	61,552	729,981
Public relations	8,168	1,785	2,653	12,606
Depreciation	13,855	4,258	-	18,113
Bad debt expense	13,771	-	-	13,771
Miscellaneous	31,649	269	2,812	34,730
	<u>\$ 3,769,217</u>	<u>539,177</u>	<u>115,664</u>	<u>4,424,058</u>

See accompanying notes to financial statements.

CENTER FOR CHILD COUNSELING, INC.

Statement of Cash Flows

For the year ended September 30, 2019

Cash flows from operating activities:	
Change in net assets	\$ 256,530
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	18,113
Changes in assets and liabilities:	
Accounts receivable	(62,471)
Pledges receivable	48,140
Prepaid expenses	19,319
Deposits and other assets	306
Accounts payable and accrued expenses	4,127
Net cash provided by operating activities	<u>284,064</u>
Net increase in cash	284,064
Cash at beginning of period	<u>1,153,470</u>
Cash at end of period	<u><u>\$ 1,437,534</u></u>

See accompanying notes to financial statements.

CENTER FOR CHILD COUNSELING, INC.

Notes to Financial Statements

September 30, 2019

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

The Center for Child Counseling, Inc (the Organization). is building the foundation for playful, healthful, and hopeful living for children and families in Palm Beach County.

Infant and Early Childhood Mental Health (IECMH) has been the foundation of the Center for Child Counseling's mission in Palm Beach County since being founded in 1999, winning prestigious awards such as the Blue Foundation's Sapphire Award and the National Easter Seals Award of Excellence for increasing access to care for young, vulnerable children. Through implementation of best practice and evidence-based interventions, we focus on the youngest children in our community because research shows that this period of life (prenatal to age 6) provides the foundation for health and learning throughout the lifespan.

Due to our focused mission, we have cultivated a high level of expertise in Infant and Early Childhood Mental Health, including training and consultation. Through our Institute for Clinical Training we focus on providing clinical training community-wide, with the vision of building the capacity of Palm Beach County to work effectively with young children, positively impacting the system of care through provision of high-quality treatment. In 2016, we launched our Fighting ACEs (Adverse Childhood Experiences) Initiative which includes advocacy and education, with the overall goal of building caregiver and community capacity to promote health for the youngest children facing adversity in Palm Beach County.

Center for Child Counseling has developed programs based on the latest research about the impact of trauma on brain development in early childhood, providing multilayered prevention, early intervention, and mental health treatment for young children at-risk for or struggling with social-emotional difficulties related to abuse, violence, and other forms of toxic stress or trauma that impact healthy development and learning. Services focus on the timely identification, through screening and observation, of social-emotional concerns and provision of assessment, consultation, and support for young children exposed to a variety of factors, including:

- Use of harsh parent strategies, including physical abuse
- Exposure to domestic and/or community violence
- Caregiver arrest, incarceration, or absence from the home
- Caregiver or family history of substance abuse and/or mental illness

CENTER FOR CHILD COUNSELING, INC.

Notes to Financial Statements

September 30, 2019

(1) **Organization and Summary of Significant Accounting Policies (Continued)**

(a) **Organization (Continued)**

- Homelessness or lack of housing stability
- Family member's chronic illness or sudden death
- Separation from parent(s) or placement in foster care
- Exposure to chronic, toxic stress and Adverse Childhood Experiences (ACEs)

Key programs include...

Child First: A national, evidence-based model that works with vulnerable young children and their families, providing intensive, home-based services.

Child and Family Center: Provides a safe place for children and families to heal, resolve problems, learn new skills, and find the joy in being a family again.

Children's Behavioral Health Collaborative: Counseling and support for at-risk children and families in need of behavioral health services throughout Palm Beach County.

Childcare and Community Social-Emotional Wellness (CCSEW) Program: Prevention, early intervention, and treatment for young children in childcare centers and shelters throughout Palm Beach County.

Institute for Clinical Training: Clinical workshops for professionals, a year-long internship program for students, and community-wide workshops for parents and caregivers.

Fighting ACEs Initiative: Education, advocacy, outreach, and intervention that focuses on Adverse Childhood Experiences which impact physical and emotional health throughout the lifespan.

Childhood Trauma Response Program: Assessment and counseling for children, ages birth to 6 entering the foster care system.

Infant Mental Health Program: Counseling for pregnant women, new mothers, and young children experiencing stress and trauma.

SBMH: The School based mental health program provides services in 10 high need elementary schools in Palm Beach County.

CENTER FOR CHILD COUNSELING, INC.

Notes to Financial Statements

September 30, 2019

(1) **Organization and Summary of Significant Accounting Policies (Continued)**

(b) **Basis of Presentation**

The accompanying financial statements are presented on the accrual basis and represent the financial position and results of operations of the Organization.

Unconditional promises to give (pledges) are recorded as receivables and revenue, and the Organization distinguishes between promises received for each net asset category in accordance with donor restrictions, if any.

Net assets and revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- ◆ Net assets without donor restrictions---Net assets that are not subject to donor-imposed stipulations.
- ◆ Net assets with donor restrictions---Some donors impose restrictions that are temporary in nature, for example, stipulating that resources be used after a specified date, for particular programs or services, or to acquire buildings or equipment. Other donors impose restrictions that are perpetual in nature, for example, stipulating that resources be maintained in perpetuity. Laws may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, those laws extend donor-imposed restrictions.

(c) **Cash**

Cash is defined as amounts in the Organization's checking and savings accounts.

CENTER FOR CHILD COUNSELING, INC.

Notes to Financial Statements

September 30, 2019

(1) **Organization and Summary of Significant Accounting Policies (Continued)**

(d) **Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are recognized as contribution revenue when the Organization meets or fulfills the condition which the donor established. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

(e) **Donated Property and Equipment**

Donated asset items for use directly by the Organization, such as office furniture and equipment, are recorded as contributions and as fixed assets. They are valued at their fair market value at the time of the donation. Such donations are reported as unrestricted support unless the donor has restricted the donated materials to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. No donated property and equipment was received during the year ended September 30, 2019.

(f) **Donated Services**

Donated services for which there is an objective basis for valuation and meeting the requirements for recognition are recorded as a revenue and expense item in the accompanying financial statements at their stated fair market value. Such donated services are reported as unrestricted support. Donated services in the amount of \$623,873 for program and management were received during the year ended September 30, 2019, and were reported as contributions in the accompanying statement of activities.

CENTER FOR CHILD COUNSELING, INC.

Notes to Financial Statements

September 30, 2019

(1) **Organization and Summary of Significant Accounting Policies (Continued)**

(f) **Donated Services (Continued)**

Labor provided for fundraising events is obtained through the donated time of volunteers. The Organization does not pay fundraising volunteers. The estimated value of volunteer services was approximately \$61,552, for the year ended September 30, 2019.

Rent-In-Kind – dedicated space is provided, free of charge, at various locations (such as preschools) where agency services are provided on site. The rent-in-kind amounted to approximately \$106,108 for the year ended September 30, 2019.

(g) **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Management estimates the fair market value of donated inventory, property and equipment, if not provided by the donor.

(h) **Income Taxes**

The Organization qualifies as a tax-exempt Organization under Section 501(c)(3) of the Internal Revenue Code and is classified as a public charity. Therefore, the Organization makes no provision for federal income taxes.

The Organization adopted the provisions of the Income Tax Topic of the ASC. These provisions clarify the accounting for uncertainty in tax positions and prescribe guidance related to the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The tax benefit from an uncertain tax position is only recognized in the statement of financial position if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Interest and penalties, if any, are included in expenses in the statement of activities. As of September 30, 2019, Center For Child Counseling, Inc. had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

CENTER FOR CHILD COUNSELING, INC.

Notes to Financial Statements

September 30, 2019

(1) **Organization and Summary of Significant Accounting Policies (Continued)**

(h) **Income Taxes (Continued)**

The Organization's income tax returns are subject to review and examination by federal authorities. The tax returns for the years ended 2016 to 2018 are open to examination by federal authorities.

(i) **Revenue Recognition**

Revenue and support are recognized as they are earned. Contributions, including unconditional promises to give, are recognized as revenue in the period made or received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Program fees and monthly reimbursement contracts are fees earned by the performance of services and are recognized as the services are provided. Revenue is reported as an increase in unrestricted net assets unless use of the asset is limited by donor imposed or contractual restrictions. Income received for future periods is recorded as deferred revenue and recognized as income as earned. Expenses are reported as decreases in unrestricted net assets. Expirations of the temporary donor imposed or contractual restrictions on net assets are reported as reclassifications to unrestricted net assets in the period in which the restrictions expired. A restriction expires when the stipulated time period has lapsed and/or the stipulated purpose has been fulfilled.

(j) **Functional Allocation of Expenses**

The costs incurred by the Organization have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program services and supporting services of the Organization. These allocations have been made based on considerations of time and space usage.

(k) **Subsequent Events**

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition and disclosure through December 12, 2019, which is the date the financial statements were available to be issued.

CENTER FOR CHILD COUNSELING, INC.

Notes to Financial Statements

September 30, 2019

(1) **Organization and Summary of Significant Accounting Policies (Continued)**

(I) **Change in Accounting Principle**

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

(2) **Liquidity and Availability**

As of September 30, 2019, the Organization has \$1,446,838 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure. Financial assets subject to donor or other restrictions that make them unavailable for general expenditure within one year of the balance sheet date were \$243,260 as of September 30, 2019. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following table reflects the Organization's financial assets as of September 30, 2019 reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date.

Cash and cash equivalents	\$ 1,437,534
Accounts receivable	<u>252,564</u>
Total financial assets as September 30, 2019	1,690,098
Less donor-imposed restrictions making financial assets unavailable for general expenditure	<u>(243,260)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,446,838</u>

CENTER FOR CHILD COUNSELING, INC.

Notes to Financial Statements

September 30, 2019

(3) Pledge Receivable

Pledge receivable, net of discount to present value and the final installment is due in 2019. Management believes the pledge is fully collectable, and therefore, there is no allowance for doubtful accounts.

(4) Property and Equipment

Property and equipment consist of the following at September 30, 2019:

Furniture and equipment	\$ 95,113
Less accumulated depreciation	<u>(50,524)</u>
	<u>\$ 44,589</u>

Depreciation expense amounted to \$18,113 for the year ended September 30, 2019.

(5) Lease Commitment

The Organization leases four operating/administrative facilities under lease agreements accounted for as operating leases. Rent expense for the year ended September 30, 2019 was approximately \$127,760. Commitments under the existing operating lease agreement at September 30, 2019 are approximately as follows:

<u>Year ending September 30,</u>	<u>Northlake</u>	<u>Northlake 303/305</u>	<u>5205 Buildings</u>	<u>Total</u>
2020	\$ 69,595	43,624	50,625	163,844
2021	71,637	46,662	52,143	170,442
2022	73,786	48,061	53,707	175,554
2023	50,164	32,676	55,318	138,158
2024	-	-	56,978	56,978
Thereafter	-	-	94,001	94,001

CENTER FOR CHILD COUNSELING, INC.

Notes to Financial Statements

September 30, 2019

(6) Cash Basis Statement of Functional Expenses

The accompanying statements of functional expense includes donated services and use of facilities as required by generally accepted accounting principles. For informational purposes, the following schedule presents the Organization's expenses on a functional basis without donated services and use of facilities:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Payroll and related benefits	\$ 2,795,876	236,536	36,551	3,068,963
Contract labor	18,063	6,202	517	24,782
Program supplies	11,435	114	-	11,549
Rent	118,026	9,068	666	127,760
Utilities and maintenance	44,885	4,580	280	49,745
Telephone and computer	86,047	38,331	626	125,004
Accounting	1,596	8,372	-	9,968
Travel	106,578	16,079	864	123,521
Insurance	20,672	1,553	444	22,669
Office expense	27,037	7,487	8,699	43,223
Continuing education	7,265	408	-	7,673
Public relations	8,168	1,785	2,653	12,606
Depreciation	13,855	4,258	-	18,113
Bad debt expense	13,771	-	-	13,771
Specific assistance to clients	-	-	-	-
Miscellaneous	31,649	269	2,812	34,730
	<u>\$ 3,304,923</u>	<u>335,042</u>	<u>54,112</u>	<u>3,694,077</u>

(7) Prior Period Adjustment

During the period ended September 30, 2019, management determined that some contracts for services that had previously been accounted for as fee for service, or exchange transaction were more appropriately considered contributions, and accordingly, the revenue should be recognized when the contribution is received. The determination was based on factors such as the Organization has asserted in applications that it was seeking contributions and the time or place of delivery of the service is at the discretion of the Organization. The result of this was a prior period adjustment to record revenue in the amount of \$292,291 as of September 30, 2018.

Net assets as originally reported	\$ 1,063,581
Prior period adjustment	<u>292,291</u>
Net assets as restated	<u>\$ 1,355,872</u>

SUPPLEMENTARY INFORMATION

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**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing Standards***

The Board of Directors
Center for Child Counseling, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Center for Child Counseling, Inc. Inc., which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, and cash flows for the period then ended, and the related notes to the financial statements, and have issued our report thereon dated December 12, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Center for Child Counseling, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Center for Child Counseling, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Center for Child Counseling, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Center for Child Counseling, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Schater, Tschang, Whitcomb, Mitchell & Shuilen, LLP

Maitland, Florida
December 12, 2019